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From: Steve Hagle
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Subject: Texas Regional Haze
BART Alt Concept SO2 6-1-17.v2.pdf

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Wren/Guy,

Attached is the concept we shared with regulated entities yesterday. We received a number of concerns/questions regarding implementation of this concept yesterday. We indicated that we did not have all of the implementation issues worked out at this point and asked them to provide us with feedback on the concept in general as well as any issues that were important to them by next Monday. We will share this feedback with you on Tuesday.

Just to further clarify what we are proposing, source or system caps would be established based on the CSAPR allocations for the coal-fired sources included in either the proposed BART FIP, or the Reasonable Progress FIP, or both. These sources would then be allowed to trade allowances in an intra-state program that Texas would administer. We would also consider including the gas/oil-fired units, but think there may be a more efficient way to handle these sources. Due to timing and deference issues, we believe EPA should propose this as a BART alternative FIP that would later on be rolled into a SIP – probably as part of the package for the second planning period.

While we understand the current administration's concerns over FIPs, if everyone is agreeable to this approach, our thoughts are that we would approach your headquarters folks together and indicate that we believe this is the best approach for Texas. Also, while this would be EPA's FIP, Texas would handle most of the implementation, including the operation of the trading program. I look at this as similar to the agreement we worked out for greenhouse gas permits where TCEQ took over much of the review with EPA oversight, followed by a SIP to fully implement the permitting.

I'm sure y'all will have a number of questions, but Richard wanted us to get this to you in advance of the phone call on Tuesday. We look forward to hearing your thoughts.

Thanks,

Steve

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